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NEW BANKS IN '87 — TABLES PAGES 15-18

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Today

NEWS MONDAY

The Comptroller's analysis of why banks fail might have overlooked one culprit — the regulatory agency itself. The agency might have been too free in issuing new bank charters and too lax in ensuring safe and sound operations, writes Bart Fraust in the Perspective column. ——— 9

Money-laundering fears have resurfaced, and officials here and abroad are considering get-tough plans. Proposals include undercover sting operations, more transaction reports from banks, and fewer restrictions on access to financial records. ——— 3

International capital rules will be refined when bank regulators from 12 western countries meet in Basel, Switzerland. ——— 10

INSIDE

A wave of mergers is not likely to occur if Massachusetts moves to permit nationwide banking. ——— 2

A legal wrangle over the exportation of credit card fees was settled when Sun Bank, Orlando, agreed to recompute a North Carolina cardholder's balance in line with North Carolina law rather than with Florida law. ——— 2

Texas would allow statewide branching for national banks under a ruling in federal district court that struck down the state's 84-year-old ban. ——— 2

Workers/Workplace: After the stock market crash, a number of companies with long-term incentive plans have canceled outstanding stock option grants for reissue at a a lower exercise price, a survey finds. ——— 13

Start-up banks in Pennsylvania are finding seed capital in larger banks. The big fish hope to leverage their expertise and profit from their investments. ——— 24

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An outside consultant can readily point out the follies of some practices that banks have employed for years, writes Dr. Paul S. Nadler. ——— 4

Gov. Cuomo's handpicked commission has failed to offer tough solutions to problems looming for the U.S. economy, writes H. Erich Heinemann. ——— 5

Worth Repeating

I'm 99% sure that the independent bankers around Texas will do everything they can to see the fight carried on.

Charles N. Brewer, president of Reunion Bank, Dallas, after a federal district court struck down a Texas ban on bank branching. [Page 2]

Big NY Banks May Spin Off Chips Network

By YVETTE D. KANTROW

NEW YORK — In its continuing quest to control risk, the New York Clearing House Association may spin off Chips, its large-scale electronic funds transfer system.

Clearing house officials are considering a plan to convert Chips into a state-chartered, limited-purpose trust company, which would be eligible for membership in the Federal Reserve System. The move, according to John F. Lee, executive vice president of the clearing house, would provide legal protections for any of the system's users against the failure of another participant.

Chips — the Clearing House Interbank Payments System — is operated by the 12 banks that own the New York Clearing House Association. The system now moves nearly $1 trillion a day among 137 participating banks and is the principal mechanism for settling international transactions denominated in dollars.

In its nearly 20 years of operation, none of Chips' participants have failed. But its operators and bank regulators agree that such an event could be catastrophic for the world's payment system. If one bank on the network were to fail, it could set off a chain reaction of failures, as banks relying on payments from the failed participant could not cover their own payment obligations.

Banks that use Chips transmit funds-transfer instructions among themselves electronically. Settlement of those transactions — the actual transfer of cash — occurs at the end of the day.

For example, during the course of a day, Bank A may send instructions to

Big: Page 23 ➤

An American Banker Special Report

Number of New Financial Firms Declined by 34% in '87: Survey

Failures Surpassed Openings for 1st Time Since '30s

By KENNETH J. HICKS

NEW YORK — The number of new financial institutions plunged in 1987 for the third consecutive year, according to an *American Banker* survey.

The survey identified 169 financial institutions that opened last year, a 34% drop from 1986, when there were 258, and down from 280 in 1985.

And for the first time since the Depression, more commercial banks failed in one year than were opened. There were 136 new commercial banks, versus 184 failures.

Reasons cited for fewer openings were increases in minimum capital standards and closer scrutiny by regulators.

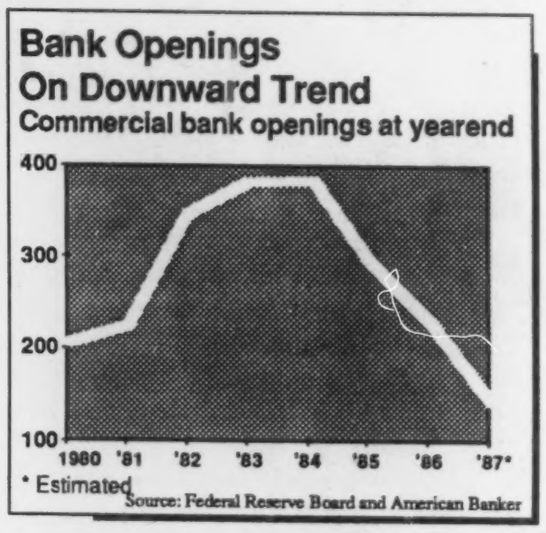
The commercial banks that opened comprised 80% of the new institutions. There were also 12 new thrifts, 11 credit unions, and 10 trust companies. More than a third of the new institutions were in the Southeast. (Tables on the new companies begin on page 15.)

Seed Capital for New Banks Page 24

Two-thirds of the new institutions responding to a mailed survey said they were targeting a special segment of the population.

The number of new commercial banks dropped 31%, from 198 in 1986. This continued a downward trend. More than 300 banks had opened each year from 1983 to 1985, peaking at almost 400 in 1984. Until 1986, at least 200 commercial banks had come into existence during each year of the 1980s.

Of the commercial banks that



opened in 1987, 98 were state chartered and 38 were federally chartered, according to the *American Banker* survey. In 1986, 115 national banks and 83 state-chartered banks popped up in the United States.

The *American Banker* compiled the data from several sources, including the Comptroller's office, the Federal Reserve Board, the National Credit Union Administration, state banking and savings and loan departments, press releases, and mailed questionnaires. The survey counted only actual openings and excluded applications.

Deborah Bateman, managing director of the Bateman Group, a consulting firm based in Phoenix, believes part of the reason for fewer openings is that "regulators are being much tougher" when it comes to charter approvals. While she did not foresee a severe decline in the number of bank start-ups, Ms. Bateman believed the number of

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June 27, 1988, American Banker

Outsider Can Point Out Banking Follies with Ease

By DR. PAUL S. NADLER

TRADING banking stories with Peter Louderback — principal of the Earnings Performance Group of Chatham, N.J., and a leading banking consultant with Peat, Marwick, Mitchell & Co. for 22 years — reminds you of how much fun banking really can be.

At lunch earlier this month, Pete told me the story, reputed to be true, of the national bank examiners who went into a small midwestern bank under the old rules of operation. They showed up first thing in the morning, unexpected, spread out — with examiners at each teller station, in the vault, and elsewhere — and almost took over the bank. As examiners used to do, they started a normal week's exam of everything from counting the cash to examining the loans.

About half an hour into the exam, the head examiner realized he was in the wrong bank! Instead of being in the national bank in town, he had come into the state-chartered bank across the street.

What to do next? He thought fast.

The lead examiner told all the examiners and all the top officers to report to the board room immediately. He sat the examiner near the door, then addressed the crowd:

"Now listen. We did a test. We are national bank examiners. We were not supposed to be allowed in here, and you didn't even ask for our credentials. You have failed this test, and we are gong to report you to the proper state bank authorities."

With the announcement, he turned to his staff and said, "All right. Now let's get out of here."

Pete uses the same type of smarts and whimsy in handling his clients.

The basic function of his company, which now employs more than 40 people, is to help banks improve earnings by reducing noncredit expense and increasing noncredit earnings. In today's world of gap management and variable-rate deposits and loans, many banks have found that this noncredit area is the most fruitful place to increase the bottom line.

Nadler Says:

Why have high service charges that are not enforced half the time? Why not have lower ones that have to be maintained?

Nuts and Bolts of Troubleshooting

What do Pete and his Earning Performance associates do?

Sure, they work on the big things. And his fancy brochure talks about streamlining back-office operations, product pricing, waiver practices, staff reduction, and branch profitability.

But sit down to lunch with Pete and you learn that his bread-and-butter value to banks is the outsider's perspective, to point out follies of practices that have been employed for years. Some examples follow.

Banks set service charges that should compensate for services provided. Yet, all too often, the individual branch manager or other contact person waives the charges out of fear of alienating the customer. This often makes unprofitable the individual account of which the contact officer is so solicitous.

Maybe the account is held by a former employee, a friend of the banker, or someone whose business was far more valuable when the account was opened and the service charge was waived than it is today. But the waiver has never been removed from the computer record.

Why have high service charges that are not enforced half the time? Why not have lower ones that have to be maintained? Pete suggests that a bank with a policy of charging $30 for a check written on insufficient funds and a capture rate of 40% would be far better off with a $20 charge and stiffer standards that lead to a 90% capture rate.

In talking about how marketing people frequently impose waivers on collection of service charges, Pete reminds me of Charlie Agemian, the retired banker and lecturer. He always used to say, "The function of the marketing department, as I see it, is to give away the bank."

Pete reports that when he talks about waiver practices to management, they usually reply, "I didn't know things were that bad."

Pete also tells of the bank that has a two-day to five-day hold period on obtaining funds against a deposited check. But if the customer splits the deposit to get some cash back, the bank accepts the entire deposit as good immediately so that the transaction will be less complicated.

On top of the float and risk involved, the procedure takes a teller two minutes to complete with a split check, while it takes only 45 seconds if the entire check is deposited and the normal delay on availability is imposed. Changing that practice can result in substantial bottom-line improvement.

Pete points out that many banks have a lower service charge for a stop-payment than for an overdraft. So naturally, when people write checks beyond their balances, they call in with stop-payments and give the bank extra work. The banks, meanwhile, earned less than they would have if the customers had let the checks bounce in the normal manner.

Penny Wisdoms, Pound Follies

When Earnings Performance pointed this out to one bank, the chief executive replied: "We will wait till June when we publish our new price list for services, and then we will correct this."

To Pete, this means the bank gave up about $400,000 in income to save $2,000 or so in printing costs for a new price list.

Pete firmly believes the day is near when bankers will charge for their time as lawyers and accountants do.

He steams when he sees a bank officer helping someone balance a checkbook and not charging for this service. He also gets mad when he sees his investigations and suggestions stopped at middle management out of fear of what will happen if the recommendations go to the top. The chief executive might ask why things haven't been changed before.

Many banks continue giving extra copies of customer statements without charge, balancing checkbooks for free, and keeping more cash at each branch than is needed, at the cost of extra reserves and higher insurance costs. All this is simply because no one has stepped back and analyzed the procedures to see if they make sense today.

Who works for Earnings Performance? Pete is proud to say that in addition to technical people, one of his most effective employees is an individual who never had any formal business education but worked for several decades as a teller. She goes into a bank, looks at how every piece of paper crosses each desk, asks why each process is necessary, and even examines how the desks are arranged.

Pete believes branches should eliminate much of their operations function and serve as selling locations for customers instead of paper-processing centers. He also gets upset when he sees a computer system that only allows the front-line people to read a screen and know what has happened. He wants the scope to allow data entry; that would avoid a second operation later, after the initial transaction with the customer has taken place.

He looks at the contact-area equipment as an information base to cross-sell, and if it does not serve this function, he considers it a lost opportunity.

Pete's views on ATMs are straightforward: Charge if the customer uses an ATM other than those operated by the customer's own bank. The customer will pay for the convenience.

Place the ATM on the wall of the

Banking Trends: Page 22 ▶

Dr. Nadler is a professor of finance at Rutgers University's Graduate School of Management and is contributing editor of the *American Banker*.

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MEMORY BANK

The following quiz is based on material that appeared in last week's issues of the American Banker. Answers are on page 6.

1. According to a special report by this newspaper, what management strategy — which has cut some costs by 25% to 30% in the hospital industry — might have the potential to work equally well for financial institutions?

2. In a study of why banks fail, prepared by the Office of the Comptroller of the Currency, what was the leading characteristic found at 85% of the 171 institutions that have failed since 1979?

3. While credit from banks and finance companies appears to be generally available to small businesses in New York State, survey interviews by Interface — a not-for-profit research group — find that bankers in the Empire State are most reluctant to provide credit to small operators in what type of business?

4. The Federal Deposit Insurance Corp. closed the bidding on June 17 for bulk sale of an $874 million portfolio of poor-quality loans from Chicago's Continental Illinois Corp. The agency had set a minimum price of 34 cents on the dollar for these loans. What was the outcome of the bidding?

5. What big banking company led the financial services industry — and placed sixth among all corporate political action committees in the U.S. — with $375,000 in PAC donations to candidates and the related promotion of big-bank issues, as reported to the Federal Elections Committee for the 15-month period ended March 31?

6. Based on this newspaper's survey of data from the federal regulatory report of condition for Dec. 31, 1987, do the top 300 commercial banks in the U.S. hold more business loans or more consumer loans?

7. In this excerpt from a speech delivered in 1948 by Orval Adams, former president of the American Bankers Association, fill in the blanks with the missing term: ".....is a gift to the world from an all-wise creator. The ..... standard is the automatic watchman on the tower of the government of free man, to guard against the poison of totalitarianism entering the bloodstream of sound money."

8. Although the well-known communication services company claims it did not deserve this species of notoriety, Western Union won a Harlan Page Hubbard award from the National Consumers League in Washington for its television advertising campaign dramatizing several situations in which desperate travelers got fast access to money in emergencies via Western Union wires. Who was Mr. Hubbard, and why did Western Union repudiate the award given in his name?

9. For nearly a century the IDS Certificate Co., Minneapolis, has been successfully marketing an investment product known as the face-amount certificate, closely resembling a bank CD. Sold in a range of denominations from $1,000 to $500,000, but yielding up to 25 basis points more than the national average for comparable bank CDs, the IDS product logged cash sales of $491 million in 1987. In what important aspect does the IDS face amount certificate differ from a bank CD?

— Robert Paul Molay

American Banker, June 27, 1988

Ranking the Financial PACs: Who Are the Big Fundraisers?

WHAT do Central Bankshares of the South Inc., Citicorp, Barnett Banks Inc., First RepublicBank Corp., and MCorp have in common? Very little, usually, but all of these institutions are leaders in raising funds and distributing them through their political action committees — PACs. Central Bankshares and First Republic, for instance, rank among the top 50 corporate PACs in receiving funds between Jan. 1, 1987, and March 31, 1988, according to Federal Election Commission data released last week. MBank ranks among the top 50 corporate PACs in disbursements during that same period.

In all, PACs raised more than $213 million and spent just over $162 million in those 15 months, the election commission said. Candidates seeking election in 1988 received $56.4 million during this period, a 34% increase from two years ago, when the last election cycle occurred.

Below are three tables showing some highlights of the top financial trade group and corporate PACs and what they have contributed in this election cycle to federal candidates.

PACs: Who Gave The Most?

Rankings Among Top 50 PACs

Rank	Trade Group/Firm	Contributions
2	National Association of Realtors	$982,115
12	National Association of Home Builders	$565,971
18	National Association of Life Underwriters	$471,756
22	American Bankers Association	$380,900
32	American Institute of Certified Public Accountants	$292,559
35	Independent Insurance Agents of America	$273,854
41	U.S. League of Savings Institutions	$252,250
42	Credit Union National Association	$251,625
45	Citicorp	$240,244

Trade groups or corporations in the financial services or related industries operated 9, or 18%, of the top 50 PACs ranked by contributions. The National Association of Realtors' PAC was the nation's second largest PAC contributor, topping the National Association of Home Builders PAC by more than $400,000 and the American Bankers Association's BankPac by more than $600,000. Citicorp is the only financial firm to appear among the top 50 PACs.

Which Companies Gave the Most?

Rankings Among Top 50 Corporate PACs

Rank	Corporation	Contributions
6	Citicorp	$240,244
11	Barnett Banks Inc.	$193,000
13	J.P. Morgan & Co.	$178,250
25	First Boston Corp.	$158,000
27	E.F. Hutton & Co.	$151,421
33	Goldman, Sachs & Co.	$139,700
41	Prudential Insurance Co.	$120,562
46	Travelers Corp.	$109,000
47	Morgan Stanley Group Inc.	$108,000
50	Aetna Life and Casualty Co.	$103,166

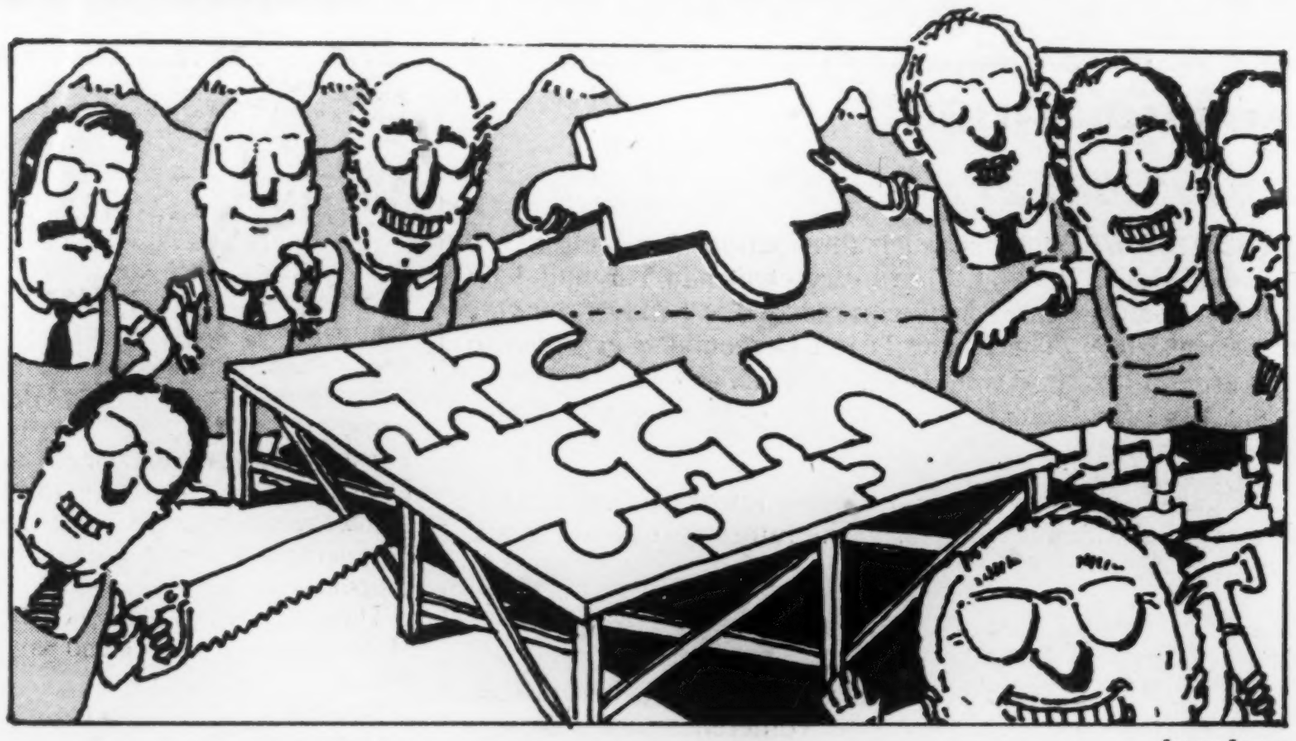
Only five corporate political action committees — AT&T, United Postal Service, Philip Morris, Federal Express, and Textron — reported larger contributions than the Citicorp PAC to federal candidates during the 15-month reporting period from Jan. 1, 1987, to March 31, 1988. Of the top 50 corporate PACs, 10, or 20%, were operated by financial institutions, and others — including J.C. Penney, Chrysler, and TRW — were in related activities.

Leaders Among Mutual Firms

Rankings Among Top 50 PACs of Nonstock Corporations

Rank	Corporation	Contributions
1	Chicago Mercantile Exchange	$226,650
4	Equitable Financial Services	$124,000
6	Massachusetts Mutual Life Insurance Co.	$89,401
9	New York Life	$52,422
11	New England Mutual Life Insurance Co.	$43,850
12	Connecticut Mutual Life Insurance Co.	$37,700
13	MONY	$31,250
15	Chicago Board of Options Exchange	$26,500
17	John Hancock Financial Services	$25,000
28	Glendale Federal Savings Association	$11,600
34	San Antonio Savings Association	$6,500
37	Empire of America Federal Savings Bank	$5,925
47	Pioneer Federal Savings and Loan Association	$3,283
49	People's Bank	$3,143
50	San Francisco Federal Savings	$3,100

Mutual insurance companies and savings banks dominate the list of largest PAC contributors among nonstock corporations. Equitable topped the insurance firms with contributions, while Glendale Federal was the savings institution giving the most to federal candidates.



James Jones

Finishing a Risk-Based Puzzle

At Basel Session, International Capital Rules Near Completion

By BARBARA A. REHM

BANK regulators from 12 western countries will meet in Basel, Switzerland, today and tomorrow. Their mission: refining a risk-based capital proposal.

Begun more than two years ago, the risk-based capital plan will force banks to back riskier assets with more money. It will also require capital for off-balance sheet items for the first time.

The industry was given time to persuade the regulators to make changes. After studying comments made on the plan, representatives from the Federal Reserve Board, the Federal Deposit Insurance Corp., and the Comptroller of the Currency have gone to Basel this week to bargain for changes and hash out final capital rules.

Some of the hottest points of contention here in the United States — such as requiring the same capital backing for home mortgages as for other, more risky types of loans — will not get much attention this week as the negotiators focus more on questions common to all 12 nations.

William Taylor

Based on interviews with regulators and industry sources last week, the big topics on the table in Basel will be:

- Whether perpetual preferred debt should be counted as primary capital.
- Whether parent companies of banks should be forced to adhere to the capital guidelines.
- Whether capital backing loans to countries should vary based on the economic health of those countries.
- Whether the quality of collateral backing a loan should affect what risk weighting is assigned.

The Basel negotiations are being conducted at the Bank for International Settlements, which is the central bankers' bank. This session is a forerunner to a formal vote by the governors of the international bank, who are central bankers from each member country. The U.S. delegate is Federal Reserve Board Vice Chairman Manuel H. Johnson.

The next meeting of the BIS governors is set for July 10. A final vote could be taken then, but sources said the governors probably will use the July meeting to go over what the staff develops this week. A final vote could be taken in August.

William Taylor, director of the Fed's supervision and regulation division and one of the regulators meeting in Basel, described in an interview what he expects to happen.

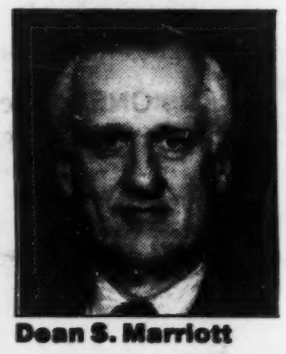
"They'll get to be long days," he admitted, noting that one meeting of international regulators on risk-based capital did not adjourn until midnight. "Everyone gets to say what they want to say."

The other three U.S. regulators attending today's meeting are Paul G. Fritts and Dean S. Marriott, who, respectively, oversee bank regulation at the FDIC and the Comptroller's office, and Irwin D. Sandberg, senior vice president for foreign relations at the Federal Reserve Bank of New York.

After the BIS governors approve a refined version of the risk-based capital plan, the final rules will then be considered by each country.

As the proposal now reads, bank primary capital would have to be composed strictly of common equity and would have to equal 4% of risk-weighted assets by the end of 1992. Total capital-to-asset minimums will be 8% by then, with the additional 4% comprising subordinated debt, loan-loss reserves, and so-called hidden reserves, among other things.

COMPLAINTS by the industry have centered on the argument that perpetual preferred is just as able to absorb losses as common equity and thus should be treated as primary capital. The criticisms from congressmen, banks, and rating agencies appear to have convinced U.S. regulators. Sources agreed last week that other countries probably will accede to this request.



Dean S. Marriott

If they do, big U.S. banks will have less trouble meeting the higher capital standard. Most regional and smaller banks already hold at least 4% common equity.

Whether the nonbank financial parents of banks must meet these capital minimums is more controversial. The Fed wants bank holding companies to subscribe to the new capital rules. Other countries, which don't have bank holding companies, per se, but do have insurance companies that own banks, are less enthused about extending risk-based capital rules to these companies. (The FDIC agrees the rules should only apply to banks.)

This debate is more likely to be resolved by the BIS governors than the staff this week, sources said. Mr. Taylor appeared to confirm this when he said: "We will probably come back with a more defined proposal with maybe this or that left open."

Paul G. Fritts

Mr. Taylor identified the questions of country risk and collateral as two other issues still subject to debate.

Should an asset, such as a government security, be weighted differently when it is held directly by a bank than when it is backing a loan the bank has made?

Whether collateral should be treated as a direct obligation, however, raises the thorny question of how to gauge the risk of specific collateral.

Just as contentious is ranking the risk of one country against another. Is Great Britain more likely to pay back a loan than Brazil? What about each country's banks? Which are more stable? Everyone involved seems to know the answers to such questions — but no one wants to say them out loud. The rub is detailing what factors would be used to determine a country's riskiness.

Under the current proposal, claims on domestic banks carry a smaller capital requirement than claims on foreign banks. But that raises the question of whether a loan guarantee, for example, issued by Manufacturers Hanover Trust Co. is less risky than one from West Germany's Deutsche Bank, sources suggest.

These three issues will be aired in Basel, but it is doubtful they will be acted on — at least not now. Risk-based capital is likely to be approved later this year in much the same form as it was proposed last January. ■

June 27, 1988, American Banker

Number of New Financial Firms Fell Again in '87

Commercial Bank Failures Surpass Openings for First Time Since the Depression

➡ Continued from Page 1

bank openings will remain low.

The trend follows a bell curve, she said. "The number of banks decrease and the size of banks increase" during a merger and acquisition frenzy. "We're looking at a five-year window, so that it probably won't be until 1992" that new charters begin to edge up again.

In addition, charter application fees and minimum capitalization levels have been rising. For example, the Comptroller's office raised its application fee to more than $15,000 from $6,000.

In 1986, capitalization for a new institution averaged $3.6 million. For 1987, that figure climbed to about $4 million.

In Georgia, where five new financial institutions opened in 1987, the minimum capitalization was raised from $1 million to $3 million. The minimum is $5 million in urban areas of the state. The initial capitalization of Georgia banks averaged $6.9 million in 1987, compared with $4.4 million in 1986.

Both state and federal authorities are taking a much closer look at the management and directors of any proposed bank. In 1985, the Comptroller's office ruled that a proposed bank must have a chief executive officer in place to be granted a charter. This gives a bank a better chance of success as management is "a critical component of the charter application."

Opponents of the rule contend that few chief executive candidates are willing to commit themselves to an uncertain venture.

Almost 40% of the new institutions in 1987 were in the Southeast. Of the 63 financial institutions that opened in the region, 32 were in Florida. In the past two years, 65 new financial institutions have opened in the state, compared with 6 closings.

Florida was followed by Texas with 17 openings in 1987. In the past two years, openings have edged out closings in Texas by 79 to 76. California, Missouri, New Jersey, and New York followed in the ranking with eight openings each.

Of the 73 institutions that responded to a query on an *American Banker* questionnaire, 48 said they targeted a specific segment of the community. Twenty-three sought upscale clients; 25 considered themselves community banks.

Merger mania may have opened the door for smaller banks to take advantage of specific niches that big banks lack the flexibility to address.

During a time of consolidation in the industry, with more small, community banks being gobbled up by superregionals, concern mounts about banking services for the average person.

An *American Banker* survey of consumer attitudes for 1987 showed that most customers of banks that had been acquired believed service quality had declined since the takeover. Among banks that had merged, most consumers believed service remained the same (57% in 1987 against 54% in 1986).

But only 14% of customers of merged institutions felt their banking services had improved since the merger, compared with 24% in 1986. There was a corresponding decrease in those who felt service was better since the merger — 19% vs. 14%.

In the survey, Edward E. Furash, president of Furash & Co., a Washington-based consulting firm, noted that some customer dissatisfaction stems from the way mergers are heralded.

"Banks usually promote the improvement that the consumer should get in terms of benefits from the new institution," Mr. Furash noted. "This results in raising consumer consciousness and making the consumer more critical of what he does get."

The fact that fewer customers find conditions improved at their banks may indicate that "banking is short of good managers," Mr. Furash said. "It's too easy to slide over the little things that make a difference . . . and create customer unhappiness."

Rapid turnover among tellers and branch managers were the primary complaints of customers served by the new banking giants, according to a *Wall Street Journal* article of April 20 that looked at the incursion of the superregionals into the Florida market.

The *American Banker's* consumer attitude survey found that consumers are becoming more concerned with service quality than convenience. Tom Hefter, of the Financial Institutions Marketing Association, a U.S. League of Savings Institutions affiliate, said errors made by new computer systems in merger situations can touch off customer dissatisfaction.

Financial institutions should "upgrade and expand the level of communications that they have with customers," Mr. Hefter said, "so the customers feel they are a part of it [the merger] from the very beginning."

In a speech given to the American Bankers Association's American Institute of Banking, Thomas A. Cooper, chairman of Invest, a Florida-based insurance and securities firm, and former president of Bank of America, San Francisco, also warned that consumers increasingly are choosing their financial services providers by value and not tradition.

"Consumers are not particularly concerned whether the provider is a bank, a thrift, a stockbroker, an insurance company, a carmaker, or a department store," Mr. Cooper said. "The message from consumers to bankers — as to automakers, toaster makers, shirtmakers — is the consumer will no longer pay for inefficiency in any industry."

One of the more interesting specialties reported by a new institution was a decision to target young people. Young Americans Bank, Denver, a state-chartered commercial bank, aims to provide banking services and education to people under 22 years of age. The bank, which opened Aug. 3, 1987, had assets of $3.5 million and deposits of $2.2 million at yearend. It reached the

Bank: Page 18 ➡

State and federal authorities are taking a much closer look at the management and directors of any proposed bank. In 1985, the Comptroller's office ruled that a proposed bank must have a chief executive officer in place to be granted a charter.

Northside Bank Shaped to Bypass The Bureaucracy

By KENNETH J. HICKS

NEW YORK — Northside Bank & Trust Co., Roswell, Ga., is a prime example of how a new community bank is created when a local bank is acquired by a larger out-of-state bank.

Roswell Bank was bought by First Union National Bank of Georgia, a subsidiary of North Carolina-based First Union Corp., in 1985. Local leaders — including former Georgia Gov. Joe Frank Harris and chief administrative officer Tom Perdue — came together to organize Northside Bank & Trust. The idea was that a large bureaucratic bank like First Union would not be able to meet the needs of the residents of Roswell and northern Fulton County.

Further, the entire senior management of Roswell Bank flocked to Northside, including Donald D. Howard, its president and chief executive officer.

The new community bank — serving a wealthy suburb 25 miles north of Atlanta — was well received, with an initial capitalization of $10 million. At that time, it was the highest capitalization for a new bank in Georgia. Northside set a state record for opening-day deposits, with $7.2 million, and logged close to $10 million in 410 accounts within a week of the July 13, 1987, opening.

An opening-week promotion offered a $10 donation to a depositor's favorite charity. Those who opened an account within the first month were eligible for a drawing for a $1,000 deposit and matching charitable donation.

As of June 20, 1988, Northside had total deposits of $55.9 million and assets of $67.4 million.

The bank plans an aggressive growth campaign over the next few years, hence, its large capitalization. This strategy will allow Northside to "grow . . . without forcing us to go back and recapitalize two or three years later," Mr. Perdue told the *Atlanta Journal.*

Northside bank offers a full range of consumer and commercial financial services, as well as a drive-in facility, automatic teller machine, and safe-deposit boxes. ■

A St. Louis Bank For Entrepreneurs

NEW YORK — Heritage National Bank, St. Louis, targets small businesses and consumers with an emphasis on the entrepreneur and senior citizens.

The federally chartered bank opened Feb. 9 with initial capitalization of $2 million. It doesn't have specific programs for the entrepreneur but runs newspaper advertisements directed at the small business community, a bank spokesperson said.

For the senior citizen, however, the bank runs the Heritage 55 senior citizens club. "Senior citizens receive discounts on some bank services," the spokesperson said, "as well as special activities . . . We usually have something each month."

A minimum account balance is necessary to become a member of the club. There are approximately 300 current members in Heritage 55.

As of March 31, Heritage National had $22 million in assets and $20.4 in deposits. ■

Boston Private Bank Caters to the Well-Heeled

NEW YORK — Boston Private Bank & Trust Co. is dedicated to the practice of banking "to fit the client's convenience, rather than the banker's," according to Robert H. Bradley, president.

The Boston bank, which opened on May 1, offers highly personalized banking and financial services for domestic and international clients. Boston Private has an untraditional look, with an open layout and only one teller's window, located discreetly in the rear of the bank. Transactions take place in one of four private client rooms.

"There was a conscious decision not to do any advertising in the first year or two, but rather to concentrate on public relations positioning," said Michael Stedman of Financial Marketing and Communications, Wellesley Hills, Mass., the public relations consultant for the bank.

Mr. Stedman said the bank strives for person-to-person relationships between clients and the bank's officers and directors. "The feeling was that the high level of banking and financial services available at Boston Private Bank & Trust would not be something the general population could effectively use," he explained. "Therefore, more targeted communications were chosen."

The bank strives for direct client-officer relationships.

"We provide premiums to clients who require high-quality, long-term banking relationships — sophisticated clients looking for mortgage, real estate, personal, and small business lending, as well as deposit services," Mr. Bradley said. "High-performance investment management and financial planning is scheduled by the year's end."

To attract depositors in its early phase of growth, Boston Private Bank is paying 6% on money market accounts and aggressive rates on jumbo certificates of deposit.

The bank's private bankers also will make "house calls" when necessary and provide courier service to those needing it. An elegant room is available where clients, especially those from overseas or out of town, can telephone, hold meetings, or review the latest financial news.

Ensign Trust of London, a major British investment company, has purchased a 14.3% ownership in the bank with an investment of about $1 million.

— Kenneth J. Hicks

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Financial Institutions That Opened in 1987

ALABAMA	Date Opened	Initial Capital
Bank of Albertville (SB,a) Albertville P.O. Box 1488, 13590 Tom W. Rankin, president, (205) 891-1280	June 18	$2,000,000
First Commercial Bank of Cullman County (SB) Cullman P.O. Box 1708, 35056 John J. Mullins, president, (205) 737-9900	November 30	1,700,000
SouthTrust Bank of Decatur (SB) Decatur P.O. Box 2245, 35602 Joseph D. Hudgins, president, (205) 350-4150	January 26	2,000,000
First Citizens Bank of Monroe County (SB) Monroeville 915 South Alabama Avenue, 36460 Byron L. Hughes, president, (205) 575-2200	July 1	1,500,000
Bank of Tuscaloosa (SB,a) Tuscaloosa 2209 9th Street, 35401 James B. Fleming, president (205) 345-6200	April 4	5,000,000

ARIZONA	Date Opened	Initial Capital
Bank of Verde Valley (SB) Cottonwood 888 South Main Street, 86326 Robert M. Koele, president, (602) 634-9546	April 30	N.A.
Bank of Fountain Hills (SB) Fountain Hills P.O. Box 17810, 85268 Steven Palm, president, (602) 837-0800	April 24	N.A.
Home Federal Savings & Loan Association (FT) Tucson 32 North Stone Avenue, 85701 William D. Hinz, president, (602) 623-7771	N.A.	N.A.

ARKANSAS	Date Opened	Initial Capital
Bank of Fayetteville N.A. (FB) Fayetteville P.O. Box 1728, 72701 John M. Lewis, president, (501) 444-4444	June 5	4,000,000

CALIFORNIA	Date Opened	Initial Capital
Bank of the Desert NA (FB) La Qunita 51-290 Avenida Bermudas, 92253 Dale Kirkpatrick, president, (619) 564-1857	March 16	2,000,000
Bank Audi (California) (SB) Los Angeles 444 South Flower Street, 90071 William A. Hanna, president, (213) 627-7799	October 5	6,000,000
Liberty Thrift & Loan Co. (ST,a) Orange 1 City Boulevard, W. #300, 92664-8499 Murray Zoota, president, (714) 937-0444 **Mission:** Auto financing and real estate	June 12	1,500,000
Mid-Peninsula Bank (SB) Palo Alto 420 Cowper Street, 94301 David L. Kalkbrenner, president, (415) 323-5150 **Mission:** Small to mid-sized business, professionals and up-scale clients	October 9	7,759,000
Bank of Petaluma (SB) Petaluma 100 Petaluma Boulevard South, 94952 Walter E. Bragdon, president, (707) 765-2222	September 21	4,000,000
Irving Trust Company of California (STr,a) San Francisco 600 Montgomery, 94111 Richard R. Tinewin, president, (415) 398-1505 **Mission:** Trust services	March 17	2,500,000
Sequoia National Bank (FB) San Francisco 65 Post Street, 94104 Kent D. Glover, president & CEO, (415) 781-0600	March 2	3,350,000
Valencia National Bank (FB) Valencia 23920 West Valencia Boulevard, 91355 Robert N. Manley, president, (805) 259-9900	October 15	3,956,476

COLORADO	Date Opened	Initial Capital
Young Americans Bank (SB) Denver 250 Steele Street, 80206 Linda Sanders, president, (303) 394-4357 **Mission:** Provides banking services for youths up to 22 years of age	August 3	1,500,000
First Interstate Bank of S. Fort Collins (SB,a) Fort Collins 2900 South College Avenue, 80525 Thomas S. Byington, president, (303) 223-3535	January 26	1,500,000

CONNECTICUT	Date Opened	Initial Capital
Bank of East Hartford (SB), East Hartford 290 Robert Street, 06108 Warren H. Sullivan, president & CEO, (203) 528-4711 **Mission:** Community bank	January 8	6,322,140
BayBank Connecticut NA (FB,a) Hartford 90 State House Square, 06103 George M. Schmeck, president, (203) 524-5600	August 31	N.A.
Sentinel Bank (SB) Hartford 50 Columbus Boulevard, 06106 Randy Stewart, president, (203) 246-0704 **Mission:** Small to mid-sized business	July 20	9,502,000
Bank of Mystic (SB) Mystic Route 1, 06355 Anthony P. Halsey, president, (203) 572-8981 **Mission:** Community bank	June 19	6,000,000
Norwalk Bank (SB,a) Norwalk 495 Westport Avenue, 06851 Emmett G. Murphy, president, (203) 847-2265	June 4	8,000,000

DELAWARE	Date Opened	Initial Capital
Equibank (Delaware) NA (FB) Wilmington 1407 Foulk Road, 19803 David J. East, president, (302) 479-0500	March 4	N.A.

DISTRICT OF COLUMBIA	Date Opened	Initial Capital
AARP FCU, Washington, D.C. 1909 K Street, NW, 20049 Cyril F. Breckfield, presiding officer, (202) 842-4700	April 20	N/A
Columbia National Bank (FB,a) Washington, D.C. 555 13th Street, N.W., 20004 Edward M. Tilghman, President, (202) 737-3060 **Mission:** Professionals, upscale clients and small business	July 20	3,000,000
Union Labor Life Insurance Co. FCU Washington, D.C. N.A. N.A. **Mission:** Employees of Union Labor Life Insurance Co. and its subisidiaries	May 15	N/A

FLORIDA	Date Opened	Initial Capital
C&L Bank (SB) Blountstown P.O. Box 534, 32424 C. Bowers Sandusky, president & CEO, (904) 674-5900 **Mission:** Community bank	August 31	1,500,000
Banyan Bank (SB) Boca Raton P.O. Box 4230, 33429-4230 William J. Bennett, president & CEO, (305) 994-0077	July 9	2,853,000
First Southern Bank (SB) Boca Raton 9955 West Glades Road, 33434 Martin L. Wyneken, president & CEO, (305) 479-2100	September 14	4,459,076
Jefferson National Bank (FB,a) Boca Raton 21302 St. Andrews Boulevard, 33433 Barton S. Goldberg, President, (305) 368-6900 **Mission:** Upscale clients	June 8	3,000,000
Palm Plaza Savings Association (ST) Boca Raton 1200 North Federal Highway, Suite 101, 33434 Andrew G. Bowes, president, (305) 368-9600	February 11	3,125,000
First Western Bank (SB) Cooper City P.O. Box 290478, 33329 Thomas H. Brandeis, president & CEO, (305) 434-7600	January 14	2,780,000
Coral Savings & Loan Association (ST) Coral Springs P.O. Box 8446, 33075 Peter J. Hardiman, president & CEO, (305) 752-7100	March 16	3,808,618
Citizens Bank of Wakulla (SB) Crawfordville P.O. Box 1240, 32327 Thomas E. Rowell, Jr., president, (904) 926-5211	October 13	1,500,000
Southland Bank (SB) Deltona 800 Deltona Boulevard, 32725 George H. Carefoot, president, (305) 574-0800	January 12	3,023,000
First American Bank of Walton County (SB) Destin P.O. Box 6339, 32541 Jerry Wilson Roberts, president & CEO, (904) 837-1776	June 12	1,750,000
First Coast Community Bank (SB) Fernandina Beach P.O. Box 1739, 32034-1739 James M. Townsend, president & CEO, (904) 277-4400 **Mission:** Community bank	October 15	2,600,000
First Gulf Bank (SB,a) Gulfport P.O. Box 47979, St. Petersburg, 33707 Ralph E. Harshbarger, president & CEO, (813) 341-1212 **Mission:** Community bank	April 15	6,250,000
Admiralty Bank (SB) Juno Beach 1205 U.S. Highway # 1, 33408 John H. Gries, president, (305) 627-2700 **Mission:** Small business	May 28	5,000,000
Emerald Coast State Bank (SB,a) Mary Esther 130 Miracle Strip Parkway West, 32569-1927 Charles Wilbur, president & CEO, (904) 244-9293 **Mission:** Community bank	July 24	3,000,000
Florida Trust Services of Ohio Bancorp (STr,a) Naples 3001 Tamiami Trail North, 33940 Donald W. McGowan, chmn & president, (813) 263-3555 **Mission:** Trust services	N.A.	2,000,000
First Florida Bank of Pasco Cty. (FB) New Port Richey 4041 Rowan Road, 34653 Mike Good, president, (813) 845-3333	July 13	N.A.
Equitable Bank (SB) North Miami Beach 2040 N.E.P 163rd Street, 33162 H. William Spute, Jr., president & CEO, (305) 940-4050 **Mission:** Executive and professional banking	February 19	3,000,000
First Community Bank of Orange City (SB) Orange City 2240 South Volusia Avenue, 32763 Timothy William Englert, president, (904) 775-3115	October 5	3,000,000
Liberty National Bank (FB,a) Orlando 4301 East Colonial Drive, 32803 William B. Gosset, president, (305) 894-1776	January 20	2,500,000
American Bank & Trust (SB) Pensacola P.O. Box 12744, 32575-2744 William E. Bassett, president & CEO, (904) 432-2481 **Mission:** Community bank	February 19	3,500,000
Charlotte State Bank (SB,a) Port Charlotte P.O. Box 2563, 33949-2563 Charles G. Brown, II, president & CEO, (813) 624-5400 **Mission:** Small business, medical profession and construction loans	November 3	2,395,948
Gadsden National Bank (FB,a) Quincy P.O. Box 1080 Herschel Williams, president, (904) 627-7118	June 1	4,250,000
Southeast Bank (SB,a) Tallahassee 101 North Monroe Street, 32301 Gary Bliss, president, (904) 681-2337	January 20	2,000,000
Members Trust Company (STr,a) Tampa P.O. Box 11736, 33680 Tom E. Walker, president & CEO, (813) 621-7511 **Mission:** Trust services for members of Suncoast Schools Federal Credit Union	February 2	1,000,000
Southern Commerce Bank (SB) Tampa 5650 Breckenridge Drive, Suite 110, 33610 Thomas L. Wilson, President, (813) 621-2080 **Mission:** Small- to mid-sized business	June	3,151,050
Terrace Bank of Florida (SB) Tampa P.O. Box 16828, 33687-6828 Douglas Winton, president & CEO, (813) 985-1128	September 4	3,025,055
Tri-County Bank (SB) Trenton P.O. Box 797, 32693 John H. Ferguson, president, (904) 463-7171 **Mission:** Community bank	May 22	1,493,617

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American Banker compiled the data from several sources, including the Office of the Comptroller of the Currency, the Federal Reserve Board, the National Credit Union Administration, state banking and savings and loan departments, press releases and direct mail surveys. **N.A.** — Not available; **N/A** — Not applicable; **FB** — Federal chartered commercial bank; **SB** — State chartered commercial bank; **FT** — Federal chartered commercial thrift; **ST** — State chartered commercial thrift; **FC** — Federal chartered credit union; **SC** — State chartered credit union; **STr** — State chartered trust company; **a** — Member of a holding company; **b** — Holding company being formed.

Financial Institutions That Opened in 1987

Continued from Page 15

Guaranty Bank of Southwest Florida (SB) Venice — August 19 — 3,185,181
P.O. Box 618, 34284-0618
David F. Voigt, president & CEO, (813) 485-9000
Mission: Community bank

Governors Bank (SB,b) West Palm Beach — July 1 — 5,100,000
P.O. Box 024666, 33402-4666
J. Russell Green, president & CEO, (305) 844-4200
Mission: Retail, small business and upscale clients

First Wisconsin Trust Co. of Fla. NA (STr,a) West Palm Beach — July 1 — 1,000,000
515 North Flagler Drive, Suite 2100, 33401
Philip L. Dunmire, president, (407) 832-8200
Mission: Upscale trust services

Sterling Savings Bank (ST) West Palm Beach — May 1 — 4,000,000
P.O. Box 20509, 33416-0509
Wade D. Key, president, (305) 968-1000

Central National Bank (FB) Winter Park — April 1 — 4,110,000
1245 West Fairbanks Avenue, 32789
Dick D. Mahaffey, Jr., president, (407) 628-2006
Mission: Upscale clients, small- mid-sized business

GEORGIA

	Date Opened	Initial Capital
Citizens & Southern Trust Co. (Georgia) NA (STr) Atlanta P.O. Box 4899, 30302 Kenneth J. Phelps, president, (404) 897-3102 **Mission:** Trust services	July 2	2,999,920
Enterprise National Bank (FB) Atlanta 9000 Central Park, Suite 100, 30328 William L. Daniel, president, (404) 395-9611 **Mission:** Community bank	June 30	9,225,000
Vinings Bank & Trust NA (FB) Atlanta 2727 Paces Ferry Road N.W., 30339 W. Michael Balsley, president, (404) 432-1000	October 23	7,600,000
Citizens & Merchants State Bank (SB) Douglasville P.O. Box 1585, 30133 Kenneth L. Barber, president, (404) 920-2265	October 6	4,700,000
Rheem Manufacturing Co. FCU Milledgeville P.O. Box A-F, 31061 Andrew Babyak, presiding officer, (912) 453-7575 **Mission:** Hourly and salaried employees of Rheem Manufacturing Co.	February 24	N/A
Northside Bank & Trust Co. (SB,a) Roswell P.O. Box 366, 30077 Donald D. Howard, president, (404) 475-2265 **Mission:** Seeking "to be the community bank for the north Fulton County area"	July 13	10,000,000

GUAM

	Date Opened	Initial Capital
Bank of Nauru (FB) Agana P.O. Box AM, 96910 Tazio Gideon, president, (671) 649-9251	June 12	794,288

HAWAII

	Date Opened	Initial Capital
Plumbers and Fitters Local 675 FCU, Honolulu 1109 Bethel Street, 96813 Herbert S.K. Kaopua, presiding officer, (808) 536-5454	January 13	N/A

ILLINOIS

	Date Opened	Initial Capital
Mayfair Bank (SB) Chicago 6300 North Pulaski, 60646 Harrison I. Petrie, president, (312) 736-1300	February 2	2,500,00
New Asia Bank (SB) Chicago 224 West Cermak Road, 60616 Benjamin Wong, president, (312) 225-5991	Aug. 27	2,359,407
American Chartered Bank (SB) Schaumburg 650 East Algonquin Road, 60173 Robert Riter, president, (312) 303-5400 **Mission:** Upscale clients, mid-sized business	July 23	2,350,000
Westbank (SB) Westchester 22nd and Wolf Road, 60153 Alan M. Meyer, president, (312) 562-2200	February 7	3,000,000
Hinsbrook Bank & Trust (SB) Willowbrook 6262 South Route 83, 60514 Robert K. Buhrke, president, (312) 655-2700	September 21	2,250,000

KENTUCKY

	Date Opened	Initial Capital
Kentucky Independent Bank, Inc. (SB) Frankfort 108 West Campbell Street, 40601 William L. Fallon, president, (502) 875-3155	April 15	1,655,000

LOUISIANA

	Date Opened	Initial Capital
Capital Bank & Trust Co. NA (FB) Baton Rouge 1885 Wooddale Boulevard, 70821 Lawrence Merrigan, president, (504) 927-1220	October 30	N.A.
Equitable Trust Savings & Loan Assn. (ST) Baton Rouge P.O. Box 41046, 70816 H. Lynn Juban, president, (504) 295-0909 **Mission:** Community thrift	March 6	3,000,000

MARYLAND

	Date Opened	Initial Capital
Montgomery National Bank (FB,a) Bethesda 4719 Hampden Lane, 20814 Wilmer L. Tinley, Jr., president, (301) 656-5300 **Mission:** Small business and professionals	June 15	6,000,000

American Banker compiled the data from several sources, including the Office of the Comptroller of the Currency, the Federal Reserve Board, the National Credit Union Administration, state banking and savings and loan departments, press releases and direct mail surveys. **N.A.** — Not available; **N/A** — Not applicable; **F** — Federal chartered commercial bank; **S** — State chartered commercial bank; **FT** — Federal chartered commercial thrift; **ST** — State chartered commercial thrift; **FC** — Federal chartered credit union; **SC** — State chartered credit union; **STr** — State chartered trust company; **a** — Member of a holding company; **b** — Holding company being formed.

MASSACHUSETTS

	Date Opened	Initial Capital
Boston Private Bank & Trust Co. (SB) Boston One Winthrop Square, 02110 Robert H. Bradley, president, (617) 556-1901 **Mission:** Domestic and international private banking	May 1	8,000,000
First Trade Union Savings Bank, FSB (FT) Boston P.O. Box 9063, 02205-9063 Wayne G. Sharpe, Jr., president, (617) 482-4000 **Mission:** Owned by Massachusetts chapter of International Brotherhood of Carpenters & Joiners of America, but not limited to its members	September 10	12,002,209 [1]
Chestnut Hill Bank & Trust Co. (SB) Chestnut Hill P.O. Box 1, 02167-0001 Stanley Gruber, president, (617) 739-5100 **Mission:** Upscale clients	January 2	4,240,000
Bank of Western Massachusetts (SB) Springfield 29 State Street, 01103 Timothy P. Crimmins, Jr., president, (413) 781-2265 **Mission:** Small business	April 15	9,200,000

MICHIGAN

	Date Opened	Initial Capital
Republic Bank Ann Arbor (SB,a) Ann Arbor 122 South Main Street, 48104 Garry J. Segal, president, (313) 665-4030 **Mission:** Upscale clients	June 1	2,000,000
NBD Battle Creek NA (FB,a) Battle Creek 4800 Dickman Road, 49016 Craig W. Schopf, president, (616) 962-4954 **Mission:** Community bank	June 15	1,500,000
Arcadia Bank (SB,a) Kalamazoo 251 East Michigan Avenue, 49007 Lawrence B. Fitch, president, (616) 349-0900 **Mission:** Upscale clients, small business, professionals	June 22	3,000,000

MINNESOTA

	Date Opened	Initial Capital
Valley National Bank (FB,a) Apple Valley 7300 W. 147th Street, 55124 Howard L. Weldon, president, (612) 431-4700 **Mission:** Small business, real estate, real estate development	March 4	2,500,000
Rural American Bank (SB,a) Greenwald 450 1st Avenue North, 56335 Bernard L. Peterson, president, (612) 987-3301 **Mission:** Community bank	October 2	N.A.
Travelers Express Co. FCU, Minneapolis 5075 Wayzata Boulevard, 55416 Steven R. Klein, presiding officer, (612) 546-6161 **Mission:** Employees of U.S. government who work in Minnesota; firms in Seward Renewal Area; specific occupational groups located in the operational area of the credit union.	March 10	N/A

MISSOURI

	Date Opened	Initial Capital
Century Bank (SB) Des Peres 11780 Manchester Road, Suite 103, 63131 Douglas J. McDowell, president, (314) 966-1000 **Mission:** Upscale clients, business with sales of $1,000,000 to $10,000,000	December 1	3,600,000
Village Bank of St. Louis County (SB) Ellisville 2605 Westglen Farms Drive, 63011 George M. Baggott, president, (314) 458-1800 **Mission:** Retail banking	December 31	2,000,000
Northland National Bank (FB) Gladstone 99 Northeast 72nd Street, 64118 Basil C. Benyo, Jr., president, (816) 436-3500	January 28	1,800,000
Hillcrest Bank (SB,a) Kansas City 5812 Bannister Road, 64134 Michael V. Berlau, president, (816) 765-9922	January 15	2,500,000
First Bank of Maryville (SB,a) Maryville P.O. Box 800, 64468 Roger D. Parson, president, (816) 582-7454	June 18	6,305,213
First Bank Centre (SB) Osage Beach One Osage Village, Route 3, 65065 Sanford P. Ritter, president, (314) 348-1177	May 15	1,050,000
Bank of South County (SB) St. Louis 9100 Gravois, 63123 David T. Stoecker, president, (314) 544-9100 **Mission:** Community bank	December 7	4,000,000
Heritage National Bank (FB) St. Louis 7435 Watson Road, 127 Kenrick Plaza, 63119 G. Wayne Thomas, president, (314) 968-7900 **Mission:** Small business (entrepreneurial), consumers (particularly senior citizens)	February 9	2,000,000

MONTANA

	Date Opened	Initial Capital
BankWest NA (FB) Kalispell P.O. Box 3008, 59903 M. Thomas Weaver, president, (406) 752-2265 **Mission:** Community bank	May 18	1,600,000

NEVADA

	Date Opened	Initial Capital
Laughlin National Bank (FB) Laughlin 1775 Casino Drive, 89029 V.H. Lonnquist, chairman and president, (702) 298-0555	July 23	2,000,000

NEW HAMPSHIRE

	Date Opened	Initial Capital
Granite Bank (ST,a) Amherst P.O. Box 670, 03031 Charles B. Paquette, president, (603) 673-4700 **Mission:** Community thrift	July 14	2,600,000
Cornerstone Bank (ST,a) Nashua 188 Main Street, 03060 John M. Terravecchia, president, (603) 889-8889 **Mission:** Community thrift	September 19	2,000,000
Bank of New Hampshire-Porstmouth (SB,a) Portsmouth Two Harbor Place, 03801 R. Scott Bacon, president, (603) 433-4320 **Mission:** Upscale clients and commercial accounts through a high degree of personalized service	June 22	2,000,000

Financial Institutions That Opened in 1987

NEW JERSEY	Date Opened	Initial Capital
Dreyfus Trust Co. (STr) East Orange 576 Central Avenue, 07018 Joseph DiMartino, president, (201) 673-9101 **Mission:** Trust services	June 17	697,000
Powder Mill Bank (SB) Morris Plains 51 Gibraltar Drive, 07950 Charles J. Stancel, president & CEO, (201) 538-0007 **Mission:** Community bank	June 29	4,750,000
Coastal Bank (SB) Ocean City P.O. Box 449, 08226 Lloyd Harris, president, (609) 398-5200 **Mission:** Community bank	February 26	5,000,000
Trust Company of Princeton (SB,a) Princeton 16 Nassau Street, 08542 Mortimer J. O'Shea, president, (609) 683-7301	Jan. 24	3,200,000
Mid Jersey National Bank (FB) Somerville P.O. Box 310, 08876 John T. Gallagher, president, (201) 685-1700 **Mission:** Community bank	April 13	3,150,000
Lehigh Savings & Loan Association (ST) Union 952 Stuyvesant Avenue, 07083 Gary L. Restivo, president, (201) 686-6655	December 21	3,000,000
Watchung Hills Bank for Savings (ST) Warren 51 Mount Bethel Road, 08873 James W. Allen, president, (201) 757-3900 **Mission:** Personal banking to local, individual, business and professional clients	October 13	4,266,000
Community National Bank of New Jersey (FB) Westmont Crystal Lake & Haddon Avenues, 08108 Gerard Banmiller, president, (609) 869-7900 **Mission:** Community bank	October 2	3,000,000

NEW YORK	Date Opened	Initial Capital
Key Bank USA NA (FB,a) Albany 17 Corporate Woods Boulevard, 12211 Deborah L. Bevier, president & CEO, (518) 436-2660	July 15	3,000,000
Mitsui Trust Bank (U.S.A.) (SB,a) New York One World Financial Center, 200 Liberty Street, 10281 Hiroshi Ueno, president, (212) 341-0200	October 28	30,000,000
Park Avenue Bank (FB) New York 500 Park Avenue, 10022 Leeds Hackett, president & CEO, (212) 755-4600 **Mission:** High net-worth individuals, domestic and foreign	November 6	7,070,000
Safra National Bank of New York (FB,a) New York 1114 Avenue of the Americas, 10036 Carlos Aleberto Viera, president, (212) 382-9200 **Mission:** Upscale clients	January 1	32,000,000
Sumitomo Trust & Banking Co. (USA) (SB,a) New York 527 Madison Avenue, 10022 Shoji Yamaguchi, president, (212) 326-0500 **Mission:** Wholesale banking, trust and custody services	October 9	20,000,000
Tokai Trust Company (STr) New York One World Trade Center, 10048 Kaneo Takeda, president, (212) 432-5680 **Mission:** Trust services	January 1	3,000,000
Trade Finance Bank (SM) New York 120 West 44th Street, Suite 301, 10036 Arieh Gildor, president, (212) 302-7920 **Mission:** Back-to-back letters of credit for small and mid-sized exporters	N.A.	N.A.
Yasuda Bank & Trust Co. (USA) (SB,a) New York One World Trade Center, Suite 8833, 10048 Akihiko Uratsuj, president, (212) 432-3620 **Mission:** Wholesale banking	November 2	35,000,000
Great Western Savings Bank (ST) White Plains 191 Mamaroneck Avenue, 10601 N.A.	September 21	6,000,000

NORTH CAROLINA	Date Opened	Initial Capital
First Community Bank (SB) Gastonia P.O. Box 2358, 28053 Donald R. Lineberger, president & CEO, (704) 868-4251 **Mission:** Retail and small business	September 15	4,841,320
State Bank (SB) Fayetteville P.O. Box 2589, 28392-2589 C. Fred Clark, Jr., CEO, (919) 864-7811	March 16	4,037,750
Bankers Trust of North Carolina (SB) Greensboro P.O. Drawer 21527, 27420 Ted Matney, CEO, (919) 274-3300	April 27	7,754,494
Community Bank (SB) Pilot Mountain P.O. Box 1348, 27041 Hague C. Bowman, , president & CEO, (919) 368-5334	March 23	2,500,000
Community Bank & Trust Co. (SB) Rutherfordton 215 South Main Street, 28139 J. Lance Dobbins, president, (704) 287-2244	November 27	2,608,310
Blue Ridge Bank (SB) Sparta 125 North Main Street, 28675 Guy L. Scott, Jr., president, (919) 372-2265	October 15	2,258,883

OHIO	Date Opened	Initial Capital
Trustcorp Co. (SB) Dayton 215 North Main Street, 45402 William L. Staler, president, (513) 461-4781	June 8, 1987	3,000,000
First National Community Bank (FB) East Liverpool P.O. Box 796, 43920 Charles B. Lang, president, (216) 385-9200 **Mission:** Community bank	June 1	1,750,000

OKLAHOMA	Date Opened	Initial Capital
Security National Bank & Trust Co. (FB,a) Norman P.O. Box Drawer 900, 73069 Neil S. West, president, (405) 321-7170	January 9	11,011,002

American Banker compiled the data from several sources, including the Office of the Comptroller of the Currency, the Federal Reserve Board, the National Credit Union Administration, state banking and savings and loan departments, press releases and direct mail surveys. **N.A.** — Not available; **N/A** — Not applicable; **F** — Federal chartered commercial bank; **S** — State chartered commercial bank; **FT** — Federal chartered commercial thrift; **ST** — State chartered commercial thrift; **FC** — Federal chartered credit union; **SC** — State chartered credit union; **STr** — State chartered trust company; **a** — Member of a holding company; **b** — Holding company being formed.

PENNSYLVANIA	Date Opened	Initial Capital
Pitcairn Trust Co. (STr,a) Jeniktown 165 Township Line Road, 19046 Feodor U. Pitcairn, president, (215) 887-6700 **Mission:** High net-worth individuals	August 7	465,000
Commonwealth State Bank (SB) Newton P.O. Box 202, 18940 H. Paul Lewis, president, (215) 860-4200	April 8	7,440,000
First Bank (SB) Philadelphia 1420-24 Walnut Street, 19102 Samuel B. Miles, III, president, (215) 790-9000	July 22	5,054,000
G.B.C.G. FCU Philadelphia P.O. Box 27639, 19118 Onah C. Weldon, presiding officer, (215) 843-3714	April 20	N/A
University of Pennsylvania Students FCU Philadelphia Hauston Hall, University of Pennsylvania, 19104 Kenneth Beck, presiding officer, (215) 569-1449 **Mission:** Full and part-time graduate and undergraduate students and alumni of the University of Penn.	February 18	N/A
Heritage National Bank (FB,a) Pittsburgh 401 Smithfield Street, 15222 Estella W. Smith, president, (412) 288-2800 **Mission:** Emphasis on retail customers, including minorities, women, small business, associations and civic and social organizations	October 22	1,000,000
Equitable National Bank (FB) Upper Darby 8045 West Chester Pike, 19082 Jerry H. Silver, president, (215) 853-4800 **Mission:** Small business and consumers	April 13	2,700,000

SOUTH CAROLINA	Date Opened	Initial Capital
Bank of Abbeville (SB) Abbeville P.O. Box 400, 29620 Thomas D. Sherard, Jr., president, (803) 459-9676	May 15	2,000,000
Bank of South Carolina (SB) Charleston P.O. Box 538, 29402 Hugh C. Lane, Jr., president, (803) 724-1500 **Mission:** Community bank	February	N.A.
Clover Community Bank (SB) Clover P.O. Box 69, 29710 James C. Harris, Jr., president, (803) 222-7660	October 1	2,695,971
Saluda County Bank (SB) Saluda P.O. Box 247, 29138 Frank E. Addy, Jr., president, (803) 445-8156	December 18	2,200,000

SOUTH DAKOTA	Date Opened	Initial Capital
Dial Bank (SB,a) Sioux Falls 1200 North West Avenue, 57104-1335 Michael S. Kuzeppa, president, (605)	February 9	5,000,000

TENNESSEE	Date Opened	Initial Capital
Bank of Cleveland (SB) Cleveland P.O. Box 5000, 37320-5000 G. Robert Taylor, president, (615) 478-5656	May 8	2,900,000
Anderson County Bank (SB) Clinton 101 South Main Street, 37716 Harry E. Minge, president, (615) 457-4200	January 2	2,000,000
First Citizens Bank (SB) Franklin P.O. Box 1307, 37065-1307 Marion E. Lowery, president, (615) 794-8899	July 30	3,600,000
Trust Company of Knoxville, Inc. (STr) Knoxville P.O. Box 789, 37901-0789 Sharon J. Miller, president, (615) 971-1902	January 7	600,000
Wilson Bank & Trust (SB) Lebanon 623 West Main Street, 37087 Randall Clemmons, president, (615) 444-2265 **Mission:** Community bank	May 11	5,000,000

TEXAS	Date Opened	Initial Capital
Austin Trust Co. (STr) Austin 100 Congress Avenue, Suite 1950, 78701 William J. Hudspeth, Jr., president, (512) 322-3232 **Mission:** Full range of trust services	November 23	750,000
Cattlemen's State Bank (SB,b) Austin P.O. Box 19549, 78760 F. Gary Valdez, president, (512) 389-1200	October 15	2,400,000
Healthcare FCU, Austin P.O. Box 4008, 78765 J. Mack Nunn, presiding officer, (512) 346-4300	February 13	N/A
Bowie State Bank (SB) Bowie 200 West Walnut, 76230 William E. Hurley, president, (817) 872-2205	January 1	846,810
State Bank Texas (SB) Dallas 4575 S R L Thorton Freeway, 75376 Chan B. Patel, president, (214) 371-7000	October 12	2,000,000
Devine State Bank (SB) Devine P.O. Box 490, 78016 James A. Heany, president, (512) 663-3606	February 23	1,500,000
Falfurrias State Bank (SB) Falfurrias P.O. Box 618, 78355 Richard G. Alvarado, president, (512) 325-5646	March 5	1,500,000
Watauga State Bank (SB) Fort Worth Box 81249, 76180 Paschal White, president, (817) 485-6118	May 26	N.A.
First National Bank (FB) Fredericksburg P.O. Box 1007, 78624 Kenneth Sultemeier, president, (512) 997-8811	January 26	1,500,000
Hobby Community Bank (SB) Houston 10600 Telephone Road, 77075 John R. Skaggs, president, (713) 991-6666	June 2	1,445,000
Houston Metropolitan Bank NA (FB) Houston 9600 Bellaire Boulevard, Suite 101, 77036 Eduardo U. Tioseco, president, (713) 776-3876 **Mission:** Not specified	April 16	3,000,000

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Financial Institutions That Opened in 1987

Continued from Page 17

First Texas Bank-Irving NA (FB,a) Irving P.O. Box 165809, 75016 William E. Stahnke, president, (214) 929-1111	January 6	2,000,000
Leander Community FCU, Leander 247 South Highway 183, 78641 Ray Moore, presiding officer, (512) 259-3823 **Mission:** Persons who live or work in a specific portion of Williamson County	January 28	N/A
Ellis County State Bank (SB) Milford 101 North Main, 76670 Don Harris, president, (214) 493-2481	June 11	533,000
First Bank (SB,a) Navasota P.O. Box 551, 77868 Robert M. West, president, (409) 825-6401	August 14	1,875,000
First Bank of Plano (SB) Plano P.O. Box 869030., 75086 W.G. Ragley, president, (214) 964-0111 **Mission:** Small business	May 1	2,000,000
First National Bank of Red Oak (FB) Red Oak P.O. Box 670, 75154 Jo Ann Pearson, president, (214) 230-3030	May 28	2,000,000

VIRGIN ISLANDS	Date Opened	Initial Capital
First Virgin Islands Federal Svgs. Bank Charlotte Amalie P.O. Box 5468, 00801 Albert Grace, president, (809) 476-9494	November 20	2,010,000

VIRGINIA	Date Opened	Initial Capital
Old Dominion Gnrl. Missionary Baptist Assn. FCU, Chesapeake 1541 Lyons Avenue, 23324 John L. Ashby, presiding officer, (804) 545-0151 **Mission:** Members, churches and members of churches of the Old Dominion General Ministry Baptist Association	January 15	N/A
Heritage Bank of Northern Virginia (SB,a) McLean P.O. Box 7207, 22106-7207 Harold C. Rauner, president, (703) 356-6060	August 8	3,000,000
Regency Bank (SB) Richmond 207 West Franklin Street, 23220 Charles P.E. Jumet, president, (804) 783-8700 **Mission:** Upscale clients, small to mid-sized business, medical, law and other professions and executives	June 1	5,000,000
Virginia Bankers Bank (SB) Richmond 565 Southlake Boulevard, 35274 R.B. Cavedo, Jr., president, (804) 794-5885 **Mission:** Provides correspondent banks services only to its shareholder banks located in Virginia.	January 2	1,302,000

WEST VIRGINIA	Date Opened	Initial Capital
First State Bank Elkins, Inc. (SB) Elkins Davis Avenue at Fifth Street, 26241 Gary A. Schoonover, EVP, (304) 636-6033	July 13	1,650,000
Greenbrier County School Employees FCU, Lewisburg Route 2, Box 163, 24091 Raleigh Sanford, presiding officer, (304) 438-6191 **Mission:** Employees of primary and secondary, public, private and parochial schools in Greenbrier County	January 29	N/A

WISCONSIN	Date Opened	Initial Capital
Community Bank (SB) Elkhorn P.O. Box 650, 53121 Earl Paddock, president, (414) 723-6760	May 11	1,000,000
Tri City National Bank (FB,a) Menomonee Falls North 96 West 18221 County Line Road, 53051 David L. Ulrich, president, (414) 255-1610 **Mission:** Small and mid-sized business and consumers	October 13	1,500,000
Universal Savings FA (FT) Milwaukee 754 North 4th Street, 53203 A. James Baka, president, (414) 273-1776	April 27	3,000,000
Community State Bank (SB) Prentice P.O. Box 115, 54556 R.L. Brandvold, president, (715) 428-2801	October 1	725,000

New Financial Institutions in 1987

State Breakdown by Type of Institution

		Natl Banks	Natl Thrifts	Natl Credit Unions	State Banks	State Thrifts	Trust Cos.	Total	No. of Failed Banks
Alabama	**1987**	0	0	0	5	0	0	5	2
	1986	2	0	0	4	0	0	6	1
Alaska	**1987**	0	0	0	0	0	0	0	2
	1986	0	0	0	1	0	0	1	1
Arizona	**1987**	0	0	0	2	0	0	2	0
	1986	1	0	0	2	0	0	3	0
Arkansas	**1987**	1	0	0	0	0	0	1	0
	1986	0	0	0	0	0	0	0	0
California	**1987**	3	0	0	3	1	1	8	8
	1986	3	0	3	4	2	0	12	8
Colorado	**1987**	0	0	0	2	0	0	2	13
	1986	10	0	0	1	1	0	12	7
Connecticut	**1987**	1	0	0	4	0	0	5	0
	1986	1	0	0	2	0	0	3	0
Delaware	**1987**	1	0	0	0	0	0	1	0
	1986	6	0	0	0	0	0	6	0
District of Columbia	**1987**	1	0	2	0	0	0	3	0
	1986	1	0	4	0	0	0	5	0
Florida	**1987**	5	0	0	21	3	3	32	3
	1986	23	2	1	10	5	2	43	3
Georgia	**1987**	2	0	1	2	0	1	5	0
	1986	2	1	0	3	0	0	6	0
Guam	**1987**	1	0	0	0	0	0	1	0
	1986	0	0	0	0	0	0	0	0
Hawaii	**1987**	0	0	1	0	0	0	1	0
	1986	0	0	0	0	0	0	0	0
Illinois	**1987**	0	0	0	5	0	0	5	2
	1986	0	0	0	0	0	0	0	1
Iowa	**1987**	0	0	0	0	0	0	0	6
	1986	1	0	0	1	0	0	2	10
Kansas	**1987**	0	0	0	0	0	0	0	8
	1986	1	0	0	2	0	1	4	14
Kentucky	**1987**	0	0	0	1	0	0	1	1
	1986	0	0	0	0	0	0	0	2
Louisiana	**1987**	1	0	0	0	1	0	2	14
	1986	1	0	0	1	2	0	4	8
Maryland	**1987**	1	0	0	0	0	0	1	0
	1986	0	0	0	0	0	0	0	0
Massachusetts	**1987**	1	0	0	3	0	0	4	2
	1986	0	0	3	2	0	0	5	0
Michigan	**1987**	1	0	0	2	0	0	3	0
	1986	0	0	0	0	0	0	0	0
Minnesota	**1987**	1	0	1	1	0	0	3	10
	1986	1	0	0	2	1	0	4	5
Missouri	**1987**	2	0	0	6	0	0	8	4
	1986	2	0	0	1	0	0	3	9
Montana	**1987**	1	0	0	0	0	0	1	3
	1986	0	0	0	0	0	0	0	1
Nebraska	**1987**	0	0	0	0	0	0	0	6
	1986	1	0	0	0	0	0	1	6
Nevada	**1987**	1	0	0	0	0	0	1	0
	1986	0	0	0	0	0	0	0	0
New Hampshire	**1987**	0	0	0	1	2	0	3	0
	1986	0	0	0	0	0	0	0	0
New Jersey	**1987**	2	0	0	3	2	1	8	0
	1986	2	0	1	0	0	1	4	0
New York	**1987**	3	0	0	4	0	1	8	1
	1986	4	0	3	14	0	8	29	0
North Carolina	**1987**	0	0	0	6	0	0	6	0
	1986	2	0	0	3	0	0	5	0
Ohio	**1987**	1	0	0	1	0	0	2	1
	1986	1	0	0	0	0	0	1	0
Oklahoma	**1987**	1	0	0	0	0	0	1	31
	1986	2	0	1	0	0	0	3	16
Pennsylvania	**1987**	2	0	2	2	0	1	7	1
	1986	0	0	6	0	0	2	8	0
South Carolina	**1987**	0	0	0	4	0	0	4	0
	1986	4	0	1	1	0	0	6	0
South Dakota	**1987**	0	0	0	1	0	0	1	2
	1986	0	0	0	0	0	0	0	1
Tennessee	**1987**	0	0	0	4	0	1	5	0
	1986	1	0	0	4	0	0	5	2
Texas	**1987**	4	0	2	10	0	1	17	50
	1986	35	1	4	22	0	0	62	26
Utah	**1987**	0	0	0	0	0	0	0	3
	1986	1	0	0	0	0	0	1	3
Virgin Islands	**1987**	0	1	0	0	0	0	1	0
	1986	0	0	0	0	0	0	0	0
Virginia	**1987**	0	0	1	3	0	0	4	0
	1986	5	0	2	3	0	0	10	0
West Virginia	**1987**	0	0	1	1	0	0	2	0
	1986	2	0	1	0	0	0	3	0
Wisconsin	**1987**	1	1	0	2	0	0	4	0
	1986	0	0	0	0	0	0	0	1
TOTALS	**1987**	**38**	**2**	**11**	**98**	**10**	**10**	**169**	**184** [1]
	1986	**115**	**4**	**30**	**83**	**11**	**14**	**257**	**138** [1]

[1] — The totals for bank failures are for all FDIC bank failures in 1986 and 1987.

California Companies Announce Merger Plan

TUSTIN, Calif. — Citizens Holdings, Newport Beach, Calif., has announced its intention to acquire Eldorado Bancorp, Tustin, and its wholly owned subsidiary, Eldorado Bank.

Each share of Eldorado common stock will be exchanged for $15 cash, in a total deal valued at about $34.2 million. Completion of the acquisition is expected late this year or early 1989.

The $250 million-asset Citizens Holdings is owned by the Pratt family of Australia. It owns Citizens Bank of Costa Mesa, Calif., and El Camino Bank, Anaheim, Calif.

Eldorado Bancorp, the holding company of Eldorado Bank, has assets of about $240 million. Eldorado recently acquired American Merchant Bank, Orange, Calif., and now has nine offices. ■

Bank . . .

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5,000-acccount mark in May of this year. Young Americans' president, Linda Sanders, is one of 12 women presidents in today's listing.

Another unusual specialty was reported by First Trade Union Savings Bank, Boston. The federally chartered thrift, which opened Sept. 10, is owned by the International Brotherhood of Carpenters and Joiners of America.

Though operated by the union, the savings bank does not serve its members exclusively. At yearend, the thrift reported assets of $74.1 million and deposits of $61.6 million.

In addition to the 12 women presidents, the listing shows 26 women in other key posts, such as treasurer, chief financial officer, and senior and executive vice president. ■

changing names,
changing hands . . .

MERGERS, ACQUISITIONS
a regular feature in
American Banker